

CENTRAL INTELLIGENCE AGENCY

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REPORT

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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. On 9 July 1955, First Secretary N.S. Khrushchev reported to the Plenum of the Central Committee of the CPSU concerning recent Soviet-Yugoslav negotiations, which were carried on by Khrushchev and Marshal N.A. Bulganin for the Soviet Union. This report was in the form of a "summary" of the negotiations.
2. The report was introduced with an historical review of the Yugoslav National War of Liberation against Hitler, in which reference was made to the assistance given by the Soviet Army to Yugoslavia during the liberation of that country. This introduction was followed by a summary of the post-war aid extended to Yugoslavia by the USSR and reference was made to the period of cooperation between the two countries following World War II. The report then stated that L.P. Beriya and V.S. Abakumov had attempted to create a split between the USSR and Yugoslavia.
3. Part of the report stated that the denunciation of the Yugoslav regime by the Cominform in 1948 was valid and is still valid to this day, because nationalism had developed in Yugoslavia and because the Yugoslav Communist Party did not react correctly to the criticisms of Yugoslavia's nationalist deviation which were expressed by the Communist Parties which were members of the Cominform. In this regard, the USSR admitted to errors on her part and attributed the USSR-Yugoslav split to the causes enumerated below:
 - a. The USSR, instead of attempting, with understanding, to straighten out the Yugoslav Party errors with respect to nationalist tendencies, assumed a dictatorial attitude toward the problem and invoked strict measures without analyzing the nature of the causes of the Yugoslav error. This was not in the best interest of the Party as a whole because the resulting split had pushed the Yugoslav Party into the Western camp.

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The report pointed out that these errors should have been patiently clarified and the Yugoslav Party should have been brought into line. Instead, Stalin, deliberately deceived and misled by Beriya, had been dictatorial.

- b. The USSR had conducted active espionage against Yugoslavia and her leaders and this action was interpreted by the Yugoslavs to mean that they were not trusted by the Soviet leaders.
- c. There had been a deliberate tendency on the part of the Soviet leaders to provoke one Yugoslav Communist Party leader against the other. As an example, it was stated that Beriya had assured Tito that the latter was the only real Yugoslav Party representative and the only one on whom the USSR could rely. Likewise, in talks with Rankovic, Beriya gave assurances that all Yugoslav leaders were traitors except Rankovic. When Tito and Rankovic later discussed this matter together, both fear and distrust of the USSR's intentions resulted.
- d. Soviet military and economic representatives in Yugoslavia displayed an extremely dictatorial attitude toward her without regard for Yugoslav national feeling.

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- 4. [] Khrushchev's report dealt with the Soviet evaluation of the current Yugoslav situation. It was stated that the break with Yugoslavia had created a serious economic loss to Yugoslavia, and that Yugoslavia had been forced to seek economic aid from the U.S. and from the capitalist powers. In an analysis of the degree to which the Yugoslav state leaned toward capitalism or toward socialism, it was determined that 80 percent of all industry and trade is state-owned and only 20 percent of the means of production is individually owned. Thus, the basic means of production are under state control. With respect to agriculture, however, the situation is different. The zadruga (collective farms) have disintegrated and there has been an extensive small farm-private ownership development which generally averages 10 to 15 hectares per family, or less. The report's conclusion was that, although the large majority of Yugoslav industry is socialized, the rural population is composed of small individual owners.

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- 5. [] the report dealt with the present financial-political conditions in Yugoslavia. It was pointed out that Yugoslavia must pay 380 million dollars annually on loans extended to it by the West, primarily from the U.S., and that these loans bear very high interest rates. In addition, Yugoslavia must pay 100 million dollars annually, until the debt is paid, to industries formerly owned by foreign nations which have been nationalized by Yugoslavia. The economic situation is thus very difficult, and Yugoslavia's plight was attributed to her break with the Eastern countries. The USSR had claimed that Yugoslavia owed her 520 million rubles (or 528 million) for military equipment (tanks and other materiel) provided Yugoslavia by the USSR. Yugoslavia, in turn, claimed that the USSR owed her the same amount for economic losses suffered as a result of the breaking of trade contracts at the time of the split between the two countries. The Soviet Council of Ministers, although it denied the validity of the Yugoslav claim, agreed to liquidate both claims in order to bring about a better Soviet-Yugoslav relationship.

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- 6. [] the report concerned the tangible results of the Soviet-Yugoslav negotiations. These results included the following:
 - a. In an exchange of foreign political views, general agreement was reached on the questions of demobilization of all armed forces in the world, world-wide abolition of atomic weapons, and the establishment of mutual trust between nations.
 - b. When the Soviets asked the Yugoslavs about their views concerning recognition of the DDR, the Yugoslavs indicated that, at this time, the question was premature because it was too soon for the Yugoslavs to have a definite opinion.

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c. In answer to a question as to the extent of U.S. aid received and what commitments to the U.S. had been made, the Yugoslavs said that they had no economic or military obligations to the U.S. but that, inasmuch as the US had given Yugoslavia large quantities of foodstuffs without charge, Yugoslavia would not break with the U.S. at this time and that such a break would require two to three years' time. The Yugoslavs went on to say that, as of August 1955, all free shipments of foodstuffs from the U.S. would cease, that they expected no additional free U.S. aid, and that a new phase in Yugoslav-U.S. relations would takeplace.

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7. Part [] of the report dealt with personal conversations among Khrushchev, Bulganin, Tito, and Vukmanovic-Tempo. While alone on a yacht in the Brioni area, Tito told Khrushchev personally that he, Tito, is a Communist at heart, that he adheres to the Lenin line, and that he would never go over to the capitalist camp. As proof of this, Tito said that, during the worst years in Yugoslavia's economic life, when much U.S. aid was received, he did not permit the U.S. to acquire any concessions (sic) in Yugoslavia. Vukmanovic-Tempo claimed that during his visit to the U.S. to negotiate economic aid in the form of foodstuffs during the severe Yugoslav drought, Mr. Stassen /then Director, Foreign Operations Administration/, as a condition for granting this aid, demanded that the U.S. acquire concessions (sic) in Yugoslavia to the extent of one-third of the total value of the proposed economic aid. For this amount, Mr. Stassen /allegedly/ wished to purchase Yugoslav property.

[] When Vukmanovic-Tempo asked Mr. Stassen specifically what he wanted, Mr. Stassen's answer /allegedly/ was simply "concessions". Vukmanovic-Tempo refused to grant concessions and was prepared to leave the US when representatives of Mr. Stassen /allegedly/ contacted Vukmanovic-Tempo to say that the request for aid would be granted without the stipulated concessions.

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8. [] the report dealt with the differences between the USSR and Yugoslavia over government policy and Party line and stated that the following agreements were reached:
- The accusation against the Yugoslavs with respect to the development of Yugoslav nationalism was recognized by the Yugoslavs.
 - The USSR delegation admitted and recognized Soviet errors.
 - The difference over the the Party line was held to be more serious than the split over government policy. Even though Yugoslavia did not deviate from the USSR with respect to economic questions, there is a dangerous political trend in Yugoslavia, in the form of demands made by Djilas that other parties, such as the Social-Democrats, be legalized in Yugoslavia.
9. Khrushchev's report concluded with the listing of practical steps to be taken in the future with respect to Soviet-Yugoslav relations. The conclusions were, first, that, inasmuch as the Yugoslav economic structure is organized along socialist lines, Yugoslavia did not stray too far into the capitalist camp and Yugoslav economic life can be made sound by close ties with the USSR. Second, it was concluded that, in the political field, the approach to Yugoslavia must be gradual and careful because Yugoslavia deviated considerably from Soviet ideology during the years of the split.

Censure of Molotov

10. The Plenum of the Central Committee, CPSU, also issued a censure of Minister of Foreign Affairs V.M. Molotov at the meeting on 9 July 1955. The matter was related to the Soviet-Yugoslav negotiations, since Molotov had taken a negative stand on the question of improving relations with Yugoslavia whenever it was considered. Molotov opposed sending a high-level Soviet delegation to Yugoslavia and, at a Plenum of the Central Committee held shortly

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before the Khrushchev-Bulganin trip to Yugoslavia, Molotov violently criticized Yugoslavia and proposed that Yugoslavia be dealt with as any other capitalist country; that is, that diplomatic relations with Yugoslavia be on the same basis as with any capitalist country. [redacted] this stand by 50X1-HUM Molotov explains why he did not accompany the Soviet delegation to Yugoslavia.) The Party censure stated that Molotov did not understand that, basically, Yugoslavia is a socialized state and that the development of small capitalist elements (kulaks and peasants) was the only deviation from the socialistic structure of the USSR. Specifically, the censure stated that a member or a leader of the Communist Party must analyze the reasons which caused the Soviet-Yugoslav split. A leader must not act in a dictatorial manner but should try to smooth out Party contradictions in order to promote the overall objectives of Communism.

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